

## Message Text

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ORIGIN NEA-09

INFO OCT-01 ISO-00 EB-07 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

/088 R

DRAFTED BY NEA/ARN:DBLAKEMORE:AIC

APPROVED BY NEA:SSOBER

NEA/ARN:DAKORN (DRAFT)

EA/ARP:FDICKMAN

EB/FSE/ORFMR. E MORE

----- 088666

P R 171626Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA PRIORITY

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

C O N F I D E N T I A L STATE 059121

E.O. 11652: GDS

TAGS: ENRG, ETRN, JO, US, LE, SA

SUBJECT: TAPLINE

REF: (A) BEIRUT 3207; (B) JIDDA 1683; (C) JIDDA 1747

1. IT IS BECOMING INCREASINGLY CLEAR THAT IF AN ASSURED  
SUPPLY OF TAPLINE CRUDE FOR JORDAN AND LEBANON IS TO BE  
SECURED, THE LONG RANGE ECONOMIC VIABILITY OF TAPLINE AS A  
MEANS OF DELIVERING ARABIAN OIL TO THE EASTERN MEDITERRANEAN  
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MUST BE ESTABLISHED. AS POINTED OUT BY EMBASSY BEIRUT, A

REDUCTION OF APPROXIMATELY DOLS 2 PER BARREL IN THE SIDON POSTED PRICE IS REQUIRED TO MAKE TAPLINE OIL PRICE COMPETITIVE. IN THE FACE OF THIS REQUIREMENT, CHANGE IN THE COMBINED TRANSIT FEES OF 17 CENTS PER BARREL WILL OBVIOUSLY NOT BE SUFFICIENT TO SOLVE THE PROBLEM. ON OTHER HAND, THERE MIGHT BE MERIT IN TRANSIT COUNTRIES PROPOSING TO MAKE A TOKEN REDUCTION IN TRANSIT FEES SO AS TO INDICATE TO SAG THAT THEY ARE WILLING TO SHARE BURDEN OF MAKING TAPLINE OIL COMPETITIVE.

2. IN VIEW OF THE FOREGOING, A COORDINATED APPEAL TO THE SAG BY JORDAN, LEBANON, AND SYRIA TO CHANGE THE PRICING FORMULA FOR TAPLINE CRUDE MIGHT OFFER SOME CHANCE FOR PROGRESS TOWARD SOLUTION. BEIRUT'S SUGGESTION (PARA 4

REF A) THAT ARAMCO QUIETLY PROVIDE JORDAN, SYRIA, AND LEBANON WITH AN ALTERNATIVE PRICE FORMULA PROPOSAL WHICH THEY MIGHT TAKE UP WITH SAUDIS, SEEMS SENSIBLE TO US. UNLESS YOU KNOW OF OTHER CONSIDERATIONS WHICH WOULD MAKE THIS UNDESIRABLE, SUGGEST YOU DISCUSS THIS IDEA WITH ARAMCO. IF THIS WERE TO LEAD TO JOINT APPROACH TO SAG BY THE THREE TRANSIT STATES, WE WOULD BE PREPARED TO HAVE YOU FOLLOW UP WITH SAG IF SUCH ACTION APPEARS ADVISABLE. ROBINSON

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NNN

## Message Attributes

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